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SOCIOLOGICAL NOTES.

Workingmen's Loan Association, Boston, Mass.*—The Workingmen's Loan Association received its charter from the Commonwealth of Massachusetts on March 8, 1888, and was organized April 19 of the same year.

In Boston, as in all large cities, there were numerous money-lenders lending at exorbitant rates of interest upon chattel mortgage of furniture and of other personal property. The rates of interest charged by them varied from 3 per cent to 10 per cent per month. Under such rates of interest the borrower could seldom pay up the principal of his loan, and year after year he would go on paying a heavy interest and never lessening his debt,—often, in the end, to have all he possessed taken from him when the lender demanded his principal. There was no company or person affording the opportunity of borrowing on such security at reasonable rates. It was for the purpose of providing such an opportunity to people of moderate means to borrow upon easy terms that this company was formed.

It was designed that the company should transact a business, but a business conducted economically, at the very lowest rates that would yield a fair return to the capital invested in the enterprise.

The charge for interest was at the outset fixed at 1 per cent per month, and this rate has been constantly adhered to in all loans that the company has made on chattel mortgage, upon which almost all of the loans of the company are secured. The system was adopted of requiring with each payment of interest the payment of an instalment of the principal equal to about 5 per cent of the loan, thus encouraging the borrower to save and to pay off his loan.

Before the company was organized, Robert Treat Paine had caused to be conducted an experimental work, beginning on August 1, 1887. At the time when the company was organized the loans outstanding made by him amounted to the sum of \$10,778.89; and these loans were transferred by him to the company upon its beginning business, with a sufficient guaranty against loss.

The company began business with subscriptions to its capital promised to the amount of \$66,600, this amount was raised later in

* Mr. Robert Treat Paine, 2d, the treasurer of the company, has kindly furnished the information in this note. The description of the work of the company is taken from a pamphlet published by the Massachusetts Board of Managers, World's Fair, 1893. Mr. Paine has revised this, and brought the statistics down to date for the ANNALS.

the year to \$78,200. The capital was called in gradually, and was loaned readily, borrowers eagerly seeking the advantages that were offered. The total number of loans increased until in March, 1889, less than a year from when the company began business, the whole capital was loaned.

The capital has been gradually increased until at the present time it amounts to \$100,000, all excepting \$900 of which has been paid in. In addition to this, the company uses \$35,000 borrowed at a low rate of interest. During the first year of its existence a dividend of 2 per cent was paid; in the second year 4 per cent was paid; and since that time regular dividends have been maintained at the rate of 6 per cent per annum.

These results were reached after providing for all losses, and in addition thereto an amount has been laid up and carried on the books in various funds amounting to about \$12,000 on October 1, 1896.

From year to year the business of the company and its financial results have shown a steady and satisfactory improvement. At the present time it has 2141 borrowers, to whom is loaned the total sum of \$146,988.11, making the average loan per borrower amount to about \$68. During the year just ending the results (the last ten days being estimated) are as follows: Loans made, \$133,343.37; loans repaid, \$118,032.48; number of loans made, 1450; interest received, \$15,931.98. In addition to other expenses, the company pays yearly taxes to the Commonwealth of Massachusetts upon its capital stock.

The results accomplished during these nine years have been encouraging. Loans have been repaid very fast, averaging about one year and a half in duration. The company has made approximately since its beginning to the end of the current year 9863 loans, amounting to \$935,178.14; and of these about \$782,552.68 have been paid off. Nothing could speak more strongly for the merits of the system than the speed with which borrowers have been able to pay off the principal of their debt. The charge for interest amounts to so little upon small loans as to be lightly felt, and a loan of the company seldom proves to be a heavy burden. Often illness or misfortune comes, when even an honest and industrious man cannot meet his payments. In such cases, wherever it is possible, the company relaxes its demands, and gives him time until his circumstances shall improve.

The relations of the company with its borrowers have generally been friendly. In most cases, the borrower's feeling is one of cordial appreciation of the efforts of the company to promote his welfare.

Methods of Doing Business.—As stated, the charge for interest is 1 per cent per month. An additional charge is made on the making of each loan, sufficient to cover all money expended in investigation

and recording the mortgage, and to give the company in ordinary cases \$1.65 for the time spent in appraisal and drawing papers. Nearly all of the loans of the company are made on the chattel mortgage of furniture and household effects.

These mortgages, in pursuance of the law, are recorded in the city or town hall where the borrower resides, and also in the city or town hall of the place where he principally does business. A few loans were made by the company in the beginning of its existence on pledges of jewelry; but this practice has been discontinued. Loans are occasionally made on insurance policies having a cash surrender value, on second mortgages of real estate, indorsed notes, stock and other securities.

Each applicant for a loan is questioned with great care. If the circumstances seem favorable for making the loan desired, he fills out a blank application, giving his present residence, previous residence, business, good references, and other desirable information, and leaves a deposit of thirty-five cents. An appraiser then goes to his abode, examines his security, and makes a schedule of the articles to be mortgaged, placing against each article the price that it would bring in a auction-room. A loan may be made to the amount of three-quarters of the total value so estimated; and this margin is, in almost all cases, required. The schedule, with the appraised values set upon each article by the appraiser, is entered by him on the back of the application, and filed in its proper place for future reference.

The borrower is required to show receipted bills for his furniture or to account satisfactorily for the absence of the same, in order to prove his ownership, and to show that, if bought on instalment, it is fully paid for. The records are then examined to ascertain if there is any existing mortgage on the property. In most cases, inquiry is made of the persons referred to or of other persons as to the character of the borrower. If the investigation proves the loan to be a desirable one, the borrower signs a mortgage and note for the amount borrowed, and receives the money less the expenses charged. Where the borrower is married, the signature of both husband and wife is required, and, generally, a general clause is inserted in the mortgage covering all furniture and household effects of every kind in his house.

Payments of the interest and instalments of the principal are made monthly, and receipts given for the same. In case of default for more than ten days, a notice is sent, with a charge of ten cents for the same, if it is the first notice. If the first notice proves futile, more imperative notices follow, for which a charge of twenty-five cents is made.

No investigation of the property mortgaged is made after the appraisal. The notices sent serve to inform the company of any change

of abode of the borrower, as in that case they are returned to the company by the post-office, and, by the attention that the borrower pays to these notices, a very good estimate can be made of the danger of losing the loan, and the measures of the company shaped accordingly. In nearly all cases, the deterioration of the property is more than made good by the monthly payments of principal made on each loan, so that a constant inspection is found not to be necessary.

The borrower's name is entered on a card, with his address, and on the back of the card there are entered in pencil the amount of interest and the date when it is due. The amount and the name of the month are changed from month to month, the interest growing less as the principal is paid off. These cards are so arranged as to show exactly what borrowers are delinquent at any time. They serve, therefore, as a convenient reminder of what loans are in arrears, and the amounts and date upon the back of the cards show exactly what interest is due and at what time.

The risk of the company from the danger of loss by fire of the goods mortgaged is met by requiring an insurance in its favor in the case of the larger loans. In the case of loans under \$100, a small yearly payment is made by the borrower instead of taking out an insurance policy. The receipts from this source are credited to a "Risk Fund." The company, however, has been careful not to assume the position of an insurer. The charge is fifty cents on loans under \$50 and \$1 on loans of from \$50 to \$100. Sometimes this system is extended to loans of from \$100 to \$200.

Risks of the Business.—The company has charged off since its organization as bad debts \$7,569.51, and has at present estimated bad debts amounting to \$1,444, a total of \$9,013.51. The amount of losses that it has suffered shows the risks to which lenders on such security are subject.

Many of the losses have occurred in the case of loans on other security than furniture mortgage; and experience has proved that the safest way of conducting such a business is to confine loans almost entirely to chattel mortgage of furniture and household effects. It has been found that furniture can be sold at auction quickly and easily. It generally brings the prices at which it is appraised. It is estimated that only one-quarter of the purchase price of the furniture is loaned upon it by the company. The loan is thus so small in comparison with the value of the furniture to the borrower that there is a strong incentive to pay the loan.

Loans on horses, carriages, boats, pictures, merchandise, stocks in trade, druggists' stores, and machinery, have been made by the company, and have generally proved unfortunate.

Loans are seldom made on furniture in storage, as the storage charges are a constantly increasing lien on the furniture, if their payment is neglected by the borrower. Loans are avoided to people of constantly changing residence or disreputable character; and to certain of the foreign races, especially where their residence in the city has been of short duration. Constant care is needed to protect the company against lending on goods encumbered by lease or mortgage.

With all the care that can be exercised, losses will occur; certain bad borrowers disappear with their furniture; it is found too late that the security is encumbered; furniture is destroyed or worn out or sold. These losses are one of the necessary expenses of the business, and only great vigilance upon the part of the officers of the company can keep them down to a moderate sum.

Many inquiries have been made of this company by men in other places who have been interested in its work, and have desired to found similar institutions elsewhere. It is hoped that the success of this company in Boston, during the nine years of its existence, may help to induce people in other cities to create similar companies to give working men and women facilities of borrowing money, at reasonable rates of interest, to meet their varying needs.

Provident Loan Society of New York.—The Second Annual Report of the society for the calendar year 1896 has just been printed. The society was organized to give aid on a strictly business basis by loans of money at one per cent a month, or one-third of the legal charge made by pawnbrokers on small loans for a short time. Considerable limitation is placed on the kind of goods on which money is loaned, as a rule restricted to jewelry and articles representing large value in small bulk. At first some bedding and furniture were taken but this has been discontinued because of lack of room. The report states that those who obtained loans from the society are rarely found on the records of charitable organizations but are persons accustomed to rely upon their own resources who apply to the society to tide over periods of sickness or lack of work. The work therefore is in the best sense preventive rather than charitable relief work. Loans are promptly repaid. Less than two and one-half per cent of the loans made in 1895 and 1896 remained unpaid at the close of the respective years in which they were made.

The society has a capital of \$136,000 on which six per cent interest has been paid, and after deducting all expenses, fixed charges and six per cent on contributed capital, \$10,697.03 was put aside as a reserve from the earnings of 1896: the gross earnings for the year after paying all expenses and fixed charges and after writing off twenty per cent on office fixtures were \$14,547.09 or about ten and three-fourths

per cent on the \$136,000 of paid up capital. The society can loan more money and proposes to increase its capital to \$200,000. 28,218 loans were made during the year averaging about \$20 each.

According to the law in New York parties engaging in pawnbroking are not allowed to sell unredeemed pledges over the counter but must sell the same at public auction. This necessitates greater conservatism in valuation of goods and in percentage of loan to appraised value. How well the society succeeded in this department of its work may be seen from the following statement in reference to auction sales in 1896. At two sales of jewelry 658 pledges were sold on which \$7,017.50 had been loaned; adding interest, commissions and expenses of sales these goods stood the society \$9,751.20 and the gross amount realized at the sales was \$9,583.30. There was a surplus on some articles, the total of which amounted to \$1,007.85 of which \$279.50 was paid back to original pledgers who called for it. The loss on those pledges which brought less than the amount loaned on them amounted to \$1,175.75. At a clothing sale 183 pledges were sold on which \$356.50 had been loaned; adding interest, commissions and expenses of sale these pledges amounted to \$500.07, and \$391.49 was realized at the sale. There was a surplus of \$29.79 on thirty-seven pledges and a loss of \$138.37 on 146 pledges.

The Teaching of Sociology in the New York University.*—The task of teaching sociology to undergraduates is beset with many difficulties. There are strong reasons in favor of postponing the subject to a graduate course; for without a proper grounding in history, both institutional and political, and in economics, the student can scarcely comprehend the principles of the new science, especially as they have been set forth in the works of Giddings, Ward, and the other recent writers; yet the New York University has tried the experiment of teaching this branch of study even in the sophomore year.

It was found that the presentation of the subject in its logical order—that is, beginning with the statement of general principles, and proceeding thence to the application of these principles to actual affairs—was not productive of good results with so young students; so the plan has been adopted of reversing the logical order, and presenting the concrete aspects of sociological problems first. The course begins with the study of practical social questions, such as the various problems of poverty, labor organizations, the problem of unskilled labor, socialistic legislation, the movement of population, etc.

The statistical method of investigation is pursued and Mayo-Smith's work on sociology and statistics has been found of great practical value in showing the sociological bearing of statistics and the general

* Contributed by Frank Moore Colby.

laws discernible from a study of the birth-rate, marriage-rate, and death-rate, statistics of crime, suicide, immigration and emigration, etc.

In discussing practical questions and the remedies proposed for social evils, the effort is made to lead up to a point at which the student will see the absolute necessity of a working hypothesis—a theory of society as a whole—in order that one-sidedness may be avoided in attempts at reform. The object is to make the student feel that, as Arthur Fairbanks says in his recent “Introduction to the Study of Sociology,” the time has come when we need something more than vague wishes as the basis of sociological science. At this point an outline of the history of sociological theory is given, and the study of principles is begun. At present there is not time enough allotted to the subject to admit of an extensive course in sociological theory, as the subject is taught during only half of a college year.

The main value of this undergraduate course lies in its effect in stimulating the mind of the student to seek a theory of society. Moreover, it gives him a more definite and concrete idea of the province of sociology than he could obtain from a study of abstract principles. It is merely a pedagogical device, but promises to be useful as enabling the subject to be taught to younger classes than usually receive instruction in the universities. If it violates the logical order of the subject by beginning with so-called “applied sociology,” it has, at least, the advantage of presenting concrete facts to the student at first, and leading up to general principles when he has reached the point at which he sees that general principles are necessary. To launch an undergraduate on the study of sociological theories propounded by Spencer or by recent writers without such preliminary training, seems impracticable. He does not see the “use of it all” and is puzzled by the diversity of the doctrines.

If this were the only alternative, it would certainly be better to defer the subject to a post-graduate course. On the other hand, the study of isolated social problems gives the impression that sociology is a mere bundle of separate social sciences—not a distinct science in itself. The course outlined above is an attempt to avoid each of these results and to retain the subject as an undergraduate study. In the present state of the science an attempt to show the bearing of sociological theory upon “practical sociology” would be very ambitious. Still it is possible to make it clear from a study of practical questions that a theory is necessary and has a definite office to fulfill.

Cultivation of Vacant Lots.—Philadelphia has taken up the matter of cultivation of vacant lots, and is preparing to go at the work in a thorough and systematic way. The movement is finding abundant financial support, and the greatest difficulty seems to be to

secure sufficient suitable land. An energetic committee, of which Dr. Thomas S. K. Morton, 1506 Locust street, is chairman, has the plans for this season's work well under way. An interesting circular, giving a statement of the success of similar plans elsewhere, has been published. The following extracts give the most recent results obtained in Detroit and New York:

The plan of helping the unemployed to employ themselves through the cultivation of vacant city lots was conceived by Mayor Pingree, of Detroit, in 1894. Under his inspiration, a committee secured the loan of 430 acres of unused city property, and offered to the unemployed of Detroit an opportunity to raise produce for themselves on allotments, varying in size from one-quarter to one-half acre. The land was plowed, and seed and tools were furnished by the committee. Nine hundred and seventy-five families received plots of ground and cultivated them during the summer of 1894 under the direction of a competent superintendent. The committee expended \$3618, and produce valued at \$14,000 was raised by the vacant lot farmers during the first season. The success of the "Pingree Potato Patches," which for the expenditure of each dollar by the committee during the first year returned nearly four dollars in produce, has induced more than twenty other cities in the United States to adopt similar plans of relief through work. Among these cities are New York, Brooklyn, Boston, St. Louis, Cincinnati, St. Paul, Minneapolis and Seattle. Abroad, the London County Council has been experimenting with a similar system of allotments of cultivable land for the relief of poverty.

Detroit, the originator of the plan, has applied it during the past three seasons with increasing success, as the following table representing the results will show:

Results of Vacant Lot Cultivation in Detroit.

Year.	Amount Expended.	Value of Crops.	Acres under Cultivation.	Number of Families.	Net Profit.
1894	\$3,618 00	\$14,000 00	430	975	\$10,382 00
1895	4,875 35	27,792 00	455	1546	22,916 65
1896	2,400 00	30,998 00	421	1701	28,598 00

The great value of the work in Detroit was quickly recognized by that city, and in 1895 an appropriation of \$5000 was made from the public treasury for vacant lot cultivation. In 1896 the city made an appropriation of \$4000 for the same purpose. The committee claims that the operation of the plan has saved the municipality in the past three years more than \$60,000, which would otherwise have been

expended in direct relief. Of the results of its work the committee says in its report for 1895:

"The experiment has clearly demonstrated that many of the destitute are ready and willing to work, that a large number of these people can be supported by utilizing vacant land in the outskirts of the city, that robbery and trespassing, even upon unfenced land, are not a serious difficulty; that a small space of ground is sufficient to raise enough vegetables to support a family through the winter; that a majority of the citizens who own the vacant land would rather allow it to be cultivated by the poor than pay a large tax for their support; that the needy are thereby assisted, without creating the demoralization in the habits of the people that gratuitous aid always entails, and that much relief and real help may by this plan be afforded with small expense to charitable persons or to taxpayers."

In New York, where the plan has been in operation for the last two years, the results are eminently satisfactory. The following report of the superintendent, Mr. J. W. Kelgaard, is quoted to show the character and results of the work:

"The work of our farms began at all hours. Some of these people had some work or chance of work during the day and would come over and work on the farms in the afternoon or evening; others would come over early in the morning, before their regular work; others mornings and evenings; others had irregular days, just as they had the time to spare; others were there all the time. Those who were unable to secure any work, spent nearly the whole of their time on their farms. All of them seemed to be endowed with wonderful earnestness. Ignorant as they were of farming and farm work, they made up by zeal for their lack of knowledge, and watched the tender shoots as they came from the ground with the glee of a child finding a new toy. Each plant received the care almost as though it were a child itself.

"The men who operated the farms were not of the class that are looking for charity; most of them were men who had once occupied good positions, but through force of circumstances had gotten among the rocks, did not know how to extricate themselves, and took hold of this as a new hope.

"An interesting feature of the Vacant Lot Farms was what we called the Co-operative Farm. This farm was conducted entirely by the planters of the other farms, the only difference being that on the Co-operative Farm they were to pay back all expenses and divide the remaining profits, the idea being not only to help these people but to find out if co-operative farming would pay. We started late in June with about forty men, some of them hale, strapping fellows. Six secured work shortly after and left. The older ones, the infirm and those who on account of their physical disabilities were not able to go out and secure positions, were left on our hands to carry on the co-operative work. Notwithstanding the fact that this class of labor was unable to do in three days what a good man would do in one, the Co-operative Farm, I am glad to say, was a success.

"Each man was very careful that no one trespassed on his lot, and was also very careful that every bit of space was fully utilized. It was intensive farming on the closest scale. One man, a stone cutter, with five days' hard work by himself and two daughters (making fifteen days in all), took from his lot \$120. Another, who lived in a large tenement house in New York, was an expert gardener and was given nearly four acres of land, moved over to the neighborhood of the farms, rented a small house, and made \$430. He and his wife spent their whole time on the land, and were always careful to have one crop succeed another."